

**BUDGET & FINANCE COMMITTEE
of the
SUFFOLK COUNTY LEGISLATURE**

Minutes

A regular meeting of the Budget & Finance Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York on Tuesday, **February 8, 2005**.

MEMBERS PRESENT:

Leg. Michael Caracciolo, Chairman
Leg. Angie Carpenter, Vice•Chairman
Leg. Daniel P. Losquadro
Leg. Cameron Alden
Leg. William J. Lindsay (excused absence)
Leg. Peter O'Leary
Leg. Ricardo Montano

ALSO IN ATTENDANCE:

Mea Knapp, Counsel to the Legislature
Ian Barry, Assistant Counsel
Ilona Julius, Deputy Clerk
Jim Spero, Director of Budget Review Office
Gail Vizzini, Deputy Director of Budget Review
Robert Lipp, BRO
Lance Reinheimer, BRO
Ben Zwirn, Assistant Deputy County Executive
Bob Bortzfield, Budget Office, County Executive
Ellen Martin, aide to Leg. Binder
Jacqueline Caputi, County Attorney's Office
Frank Tassone, Aide to Majority Caucus
Maria Ammirati, Aide to Leg. O'Leary
Linda Bay, PO's Office
Lisa Keyes, Aide to Leg. Caracciolo
Paul Perilli, Aide to Minority Leader
Terry Pearsall, Aide to Leg. Lindsay

Carl Yellon, Aide to Leg. Kennedy
John C. Cochrane, Treasurer of Suffolk County
Christina Cook
Josh Horton
Paul Rickenbach
Mark Grossman
James Clark
Robert I. Ross

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MINUTES TAKEN BY:
Diana Kraus, Court Stenographer

(THE MEETING CONVENED AT 9:37 AM)

CHAIRMAN CARACCILOLO:

Good morning and may I have everyone's attention? The Chair recognizes a quorum present. We'll begin this meeting with the Pledge of Allegiance to be led by Legislator Montano.

(SALUTATION)

CHAIRMAN CARACCILOLO:

Thank you. Will the clerk note that Legislators Carpenter, Alden, Montano, and, I believe, O'Leary are present. Are members are in route.

For the benefit of everyone present, we have several presentations today. And we also have with us a number of local village and town officials, who are here to speak on **IR 2219, (a charter law to provide fair and equitable distribution of public safety sales and compensating use tax revenues)** a provision that would provide additional revenue share in funds for public safety purposes to towns and villages in Suffolk County.

Before we entertain those speakers, I do want to invite up the Treasurer of Suffolk County, the

Honorable John Cochrane, for a brief presentation. John?

MR. COCHRANE:

Good morning, Mr. Chairman. Good morning, ladies and gentlemen. I'm accompanied here this morning by Christina Cook, who's a chief financial analyst in the Treasurer's Office. And she's the leader of our cash management team. The invitation said that you'd like to discuss the County's investment policies and practices. And in connection with that I have provided you all with a review by the County's financial advisor, Capital Management, that was done less than a year ago indicating the practices and overall review by an outside agency; in this case the financial advisors. And I'd be happy to answer any questions or in the way of brief remarks indicate to you that, number one, that there is never a penny of the county monies •• the taxpayers' money •• never a penny at risk. It's all in investments that have no market risk connected with them whatsoever. And we, as it says in the report, with the fact that we must keep our investments in legal investments, as set forth by the Comptroller of New York State and by the County's investment policy, which you all, you ladies and gentlemen are the ones that enacted based upon the recommended policies that I provide for you.

So, legal investments. And the other three things are security, liquidity and yield. And Christine and her team keep that in mind on a daily basis. We shop the monies. We get the best possible yields. It's a daily occurrence depending upon the conditions as set forth in the Wall Street Journal, in Newsday, the bond houses, the financial houses, the banks. We weigh all of the offers that come to us in the way of interest rates. And we do that on a daily basis. So, we make sure that you're getting the maximum possible yield with safety and liquidity. And liquidity is particularly important when the County had an opportunity. And Mr. Bortzfield and Jim Spero were all involved in this, along with the Comptroller, when we were able to make an early payment of the pension monies, save the County over a million dollars. And that was able to be accomplished because we were in what we call a liquid position. All of the investments, we didn't have to wait for them to come due at a later date. The liquid investments were there. And they were there at a yield. It was competitive and in some cases higher than we could have gotten on market risk or extended term investments.

So, I'd be happy to answer any questions that you might have as far as how we operate or what the County's results are.

CHAIRMAN CARACCILOLO:

John, I have several questions that relate to yield. Currently with the low interest rate environment that we are in, what kind of yields does the County experience on its investments?

MR. COCHRANE:

The yields •• the four major depositories, and, again, the depositories are banks in Suffolk County or with offices in Suffolk County that the Legislature designates at their January meeting. And the four major depositories, we're receiving 2.875, 2.475, 2.610 and 2.45. Those are the four highest rates. And they are far in excess of the normal rates. For example, we went to Merrill Lynch yesterday. And their overnight repos were 2.4 to tie the money up for 7 to 30 days; 2.45; for six months 2.8. So, you can see from our daily results that we're keeping liquidity and we're keeping yield at a maximum level. The rates have bottoms out, Mike. Six months ago, they were far lower than that. But we monitor it on a daily basis. So, I'm very pleased at 2.87 and 2.6 and 2.5. Those are good rates.

CHAIRMAN CARACCILOLO:

And what is the tenure of the •• in terms of the money that we have, you know, in investment status? Seven to 30 days? Primarily these are all short terms?

MR. COCHRANE:

Yes. Everything is less than seven days. And the good news is by staying short, we're able to take advantage of the rate increase that's happening all the time. The federal reserve raises the discount rate, the bank raise their rates. And by being totally liquid by totally being short termed, we're able to take advantage of any rate increase that takes place. We don't have to wait.

CHAIRMAN CARACCILOLO:

Right. On the flip side, what is it costing us to borrow money?

MR. COCHRANE:

Very good results. There's a report out that shows that the •• because of the County's financial additions, and by the way on a side bar, it's been a number of years, many years during my term now that we have had no criticism by the outside auditors. Earnst & Young would do the County's audits. Christine and her team, every account is reconciled. Every account is counted for. We've had literally no criticisms whatsoever. So, I'm talking about the reputation of the

County.

For example, in the most recent •• some recent bond sales, the Town of Orange Town, which is Wachovia Bank, they had to pay 218. Merrick Union Free School District paid 395. North Babylon Union Free School District paid 206. Lakawana School paid 4.59; Town of North Hempstead 1.95. Suffolk County for the 275 million tan borrowing 195. We were the lowest of the rates that I've just given you based upon, again, the reputation and the financial integrity of Suffolk County.

CHAIRMAN CARACCILOLO:

What is our current bond rating? Jim, you want to answer the question?

MR. COCHRANE:

It's double A ••

MR. SPERO:

No, it's not double A yet. We have to reserve more money than we're currently reserving to achieve a double A status. But I think it's an A•two.

CHAIRMAN CARACCILOLO:

How does that compare with neighboring countys or countys as a whole, do we know? Nassau County, Westchester?

MR. SPERO:

Nassau's lower than Suffolk is, but I don't know the exact rating.

CHAIRMAN CARACCILOLO:

Even with the infusion of of \$100 million in the state bailout, they're still lower? 20% property tax increase, they're still •• higher, I mean? That's because you left, Ben.

MR. COCHRANE:

They don't have as good a bond rating as we do.

CHAIRMAN CARACCILOLO:

Oh, I know that. Okay. Final question that I have relates to the mortgage tax proceeds. Is that within your purview or the Comptroller's purview? I know the Clerk receives the mortgage tax.

MR. COCHRANE:

The clerk receives the money and transfers it to us for deposit. And then every six months based upon the legislature's resolution, it's disbursed to the town.

CHAIRMAN CARACCILOLO:

What percentage of the total, and I know the numbers keep going up, it's been a very healthy real estate market and refinance market. I know hundreds of millions of dollars are being collected in Suffolk County on an annual basis for mortgage tax proceeds. What percentage of the total •• I know most of it goes to the towns from which the transaction occurs. Some of the towns like Brookhaven literally receives •• I don't know if you have those figures, Jim •• mortgage tax proceeds? The breakdown? If you don't today, if you could provide the Committee a copy, I think, it would be very helpful for members of the Legislature to realize how much revenue town governments, and in some cases, I guess, villages receive by way of mortgage tax proceeds.

MR. COCHRANE:

We'll provide copies to the Committee. In fact, to the Legislature as a whole, of the disbursement of the mortgage tax proceeds and what the County's portion is.

CHAIRMAN CARACCILOLO:

Yeah. I know the County portion is very, very small.

MR. COCHRANE:

Right.

CHAIRMAN CARACCILOLO:

It's basically for administrative cost, as I recall. The clerk telling me.

MR. COCHRANE:

Right.

CHAIRMAN CARACCILO:

Okay. Legislator Alden.

LEG. ALDEN:

Hi, John.

MR. COCHRANE:

Good morning, Cameron.

LEG. ALDEN:

How long is the •• the TAN is only •• that's real short term; right? That's it?

MR. COCHRANE:

That's correct. That's paid back in August. Each year we borrow in January. And the basis of the borrowing is that we have to meet the County's operating •• we do receive, of course, sales tax and federal and state aid, but we don't get the county property tax until after June 1st. It's retained by the towns. So, that we need the 275 million to pay the County's operating costs that are represented by the property tax. When we get the property tax payments in June •• late June, early July, we're then in a position to pay off the TAN borrowing in August. It's an eight month borrowing.

LEG. ALDEN:

I know we recently did a re•fi on some of our debt. Have you identified any other of the debt that might be appropriate to do a re•fi on now?

MR. COCHRANE:

I don't believe there's any currently. I know that we did it at almost the exact right moment when interest rates were so low. And we went through a very exhaustive study. I believe a lot of the legislators received information •• not a lot •• they all received certain information. At the moment there are no issues that I know that haven't been reviewed. And in the review we re•financed all those that were appropriate and where it was financially worth doing.

LEG. ALDEN:

Good. Thanks, John.

CHAIRMAN CARACCILOLO:

Any other members of the Committee have questions? No? Thank you very much, Mr. Cochrane. We'll take a look at capital market advisor's summary. And I know you couldn't be present last month, but we're happy you joined us today.

MR. COCHRANE:

Thank you for the opportunity to be here.

CHAIRMAN CARACCILOLO:

Okay. As I mentioned earlier, we have number of town, village and police department officials here to address the Committee on 2219. So, I'd like at this time to begin with Supervisor Josh Horton, Town of Southold.

LEG. ALDEN:

Mr. Chairman?

CHAIRMAN CARACCILOLO:

Yes.

LEG. ALDEN:

Are they going to address us on the public hearing? Or is this just public portion?

CHAIRMAN CARACCILOLO:

This is the public hearing.

LEG. ALDEN:

Okay.

CHAIRMAN CARACCILOLO:

So, we should then •• we will now •• it had been recessed last month. So, we will now reopen public hearing 2219. The floor is yours, Josh.

MR. HORTON:

Thank you, Legislator Caracciolo. And thank you •• I'm fine right here. Thank you very much.

I appreciate it. You can hear me; correct?

Again, thank you for opening this public hearing back up today. It's a matter of great significance and importance to myself and my colleagues from the east end •• five east end towns and nine east end villages, of which of nine east end villages, several of them as well, man and fund their own police departments. And actually my good friend and colleague, Mayor Rickenbach, will be here to speak on behalf of the east end mayors.

But I'm before you today representing the east end Mayors and Supervisors Association. We're a group comprised of supervisors of the five east end towns and mayors of the nine east end villages. And we work together actually quite cohesively. We meet bi•monthly and possibly quarterly to ban together and address a whole host of issues that confront the east end. And our voice is actually •• has been well received before the County Legislature on a number of occasions. And I thank you for that reception.

So I am here on behalf of the east end supervisors and mayors. Our organization, as I said, represents who I said. The sales tax revenue is the issue at hand here today. And the sales tax revenue is a stream that's generated county•wide. How these funds are appropriated throughout the County, I think, is the context in which this discussion should be framed. We're talking about a whole county tax and how that's appropriated throughout the County. In doing so, in framing the conversation in that context, I think the merit of Legislator Caracciolo's bill will speak for itself. Since its inception, the Suffolk County sales tax has been utilized to subsidize in part the operations of the Suffolk County Police Department. And mind you, I have great admiration for the Suffolk County Police Department. I've always been well received by them and really appreciate the presence throughout Suffolk County.

But the Suffolk County Police Department funding is a part county cost. The operations of the PD and public safety are operations that are shared within very specific portion of the Suffolk County, of which the east end is not a part of. The •• how these monies are appropriated part county, whole county is just really straight forward municipal financing 101, if you will. So, the heart of the issue here is that the five east end towns and several of the villages, we actually fund our own police operations. And, therefore, we are not included in the Suffolk County Police district or in the portion of the county that receives the lion's share of the sales tax.

Now, the sales tax, mind you, is something that all of you pay into when you purchase whatever item you may purchase. We do the same on the east end. We're consumers just like you. So, the •• you know, how this money •• how these monies are appropriated has to be addressed. And I think it is being addressed through the context of this bill.

The Suffolk County tax revenue, as I said, is a whole county tax. Now, with this knowledge, I think we just have to take a moment to step back and think about the appropriateness of how the funds are distributed. We're taking a whole county tax and largely distributing it in a part county fashion or to a part county district. The annual calculating and the amount to the east end towns is what's at issue here today. While the county sales tax revenues have filled the county coffers and provided the basis for flat tax rates and in some instances small tax rate cuts, we in the east end have not shared in this benefit. In fact, our share of the sales tax revenue has steadily decreased year after year after year. Mind you, our police operations, just like yours, the funding of those and what it takes to keep them going increases on an annual basis.

And, in fact, what I'd like to do is just read into the record some contrasting figures that I think will be of help to you in weighting this issue. In 1999, Southamptown Township received \$622,175 thousand dollars. In 2000 it went up to one million 74 thousand; back down to 879,806 in 2002. And it's remained flat and increased a slight bit up to 910. Now, I think it's common knowledge for public record that the sales tax derived from this •• the revenue derived from the sales tax has increased sharply. The Town of Southold, we received •• let me see•• in 2001 we're at \$508,000. And in 2004 we received \$415,000. So, while the sales tax was going up, Southold's share was going down. Mind you, the need to provide more police protection and the cost associated with that have gone up expedientially for us. And I'll turn this in to make it part of the public record.

So, given the yearly increase and demand for and cost of public safety operations and the steady rise in sales tax revenue, the inequity shouldered by the east end is just that much more pronounced. I am pleased to say that the east end supervisor and mayors association enjoys a strong working relationship with the County Legislature. And I look forward to strengthening that bond even more so through this bill specifically. None the less we do feel strongly that the east end towns and villages that provide their own police and public safety operations should receive a larger share of the Suffolk County sales tax revenue. To do that, we're not asking for you to come up today with a lump sum, you know, well, here's a million dollars, Supervisor

Horton, be on your way. What we'd like to see is and I think it's exactly what the good Legislator provides in this bill, we'd like to see a consistent methodical calculation that carries through on an annual basis that would move with the sales tax. That's what we're asking for.

In years where you're flushed with sales tax revenue, we should see that as well. If there are years that the County receive very little on sales tax revenue, well, fair is fair. We understand that. And we would expect to mirror that; however, the past years it's gone up, as I said, expendentially and our funding has remained flat or even decreased with our cost increasing sharply.

So, I think that this bill as proposed gets us a lot closer to where we ought to be. And I'm just here to you ask for your support on this measure. And I'm asking you to lobby your colleagues throughout the rest of the Legislature for support of this measure. It's a very measure. It's a responsible way to handle the County's finances. We're all CEO's and CFO's of our municipal operations. Very few people understand municipal financing and have an appreciation for it that we do. So, I do appreciate you taking this matter under consideration. And I'm thanking you in advance for the fair action that I trust you will take in regard to this matter.

And I'd like to turn my statement and my information over to be part of the public record.

CHAIRMAN CARACCILOLO:

Thank you, supervisor. I know Legislator Alden has questions. I don't know if any other member of the Committee does. I'll recognize you accordingly. Legislator Alden.

LEG. ALDEN:

I can assure you that at least the Chairman of this Committee has lobbied heavily in support of this. He's lobbied me and we're still under discussion; but it's going to take some convincing. But I have a couple of questions for you. Didn't the east end towns choose not to join Suffolk County Police Department when it was formed? I really wasn't around in politics. And I would assume that you weren't either.

I think that they made it ••

MR. HORTON:

That's a very safe assumption.

LEG. ALDEN:

Right. That they made it ••

CHAIRMAN CARACCILOLO:

You probably weren't born when that happened, Josh.

LEG. ALDEN:

Right. But they made a conscious choice to not ••

MR. HORTON:

Well, I would say this. That the Southold Town Police Department has been in existence in some way, shape or form since 1640. Long before the rest of Suffolk County was even conceived of. So, yes, at some point in time the Suffolk County police Department was created well after the town of Southampton and Southold and Shelter Islands and East Hampton already had their police departments in place. So, I guess it's just a matter of perspective. Do we choose to not become part of the Suffolk County Police Department? I guess, you know in terms of how to answer that question, I would say was there even a choice? When you already had municipalities that were several hundred years old already policing themselves and then a thing called Suffolk County grew out of, you know, out of a need obviously. And then created a police department to serve the growing western portion of the County. I think it's fair to say that Suffolk County chose to have its own Police Department after the east end was created. After the east end was recognized••

LEG. ALDEN:

Interesting perspective. But the Town of Islip's Police Department goes back to •• very, very •• almost colonial roots, also. Babylon and I think Huntington; although they were called something else at that time. And I think Huntington at one time or Babylon went all the way up into Huntington. But they can show their roots going back, you know, hundreds of years also. But also Suffolk County Department doesn't offer any services to the east end police departments? Because it was my understanding that they do.

MR. HORTON:

There are some services that are shared. For instance, we're required in hiring •• Civil Service

Law would require that we draw off a county list. And those officers •• you know, people who would become police officers obviously go through Suffolk County Police Academy. So, yes. In that regard, yes, there is the initial education and training of an officer that is drawn upon by all townships.

LEG. ALDEN:

But also EVAC and certain tentacle support like, for instance, if your police department needed a helicopter support service, isn't that Suffolk County Police Department that you call on? Because I don't think all of you guys have ••

MR. HORTON:

It depends if you have helicopters that work. You know, from time to time, yes, that is something that comes about.

LEG. ALDEN:

What did you say?

MR. HORTON:

I said •• you asked me if we draw upon those services. I said yes, if the helicopters work. We also draw upon the United States Coast Guard. We also draw upon the Air National Guard. So, yeah, there are a whole host of services; but, yes, the Suffolk County PD, as I said, is always, you know, very cooperative in working in conjunction with the town. I guess the real question that has to be asked here, is you asked did the towns make the conscious decisions and not become part of the police department •• the Suffolk County district, therefore, should we receive a greater share of the ••

LEG. ALDEN:

No, I didn't ask that question.

MR. HORTON:

•• of the revenue.

LEG. ALDEN:

So, you don't have to answer that question. I didn't ask it so ••

MR. HORTON:

Well, that is the question that's being asked.

LEG. ALDEN:

•• you should have made that statement in your statement. Now, I have one more question for you.

MR. HORTON:

And I guess •• excuse me, Legislator, if I may?

LEG. ALDEN:

No, actually you're supposed to answer questions from me. You had your time. Now, you're supposed to answer my questions.

MR. HORTON:

This is a public hearing and I'm the public.

LEG. ALDEN:

Right. And you made your statement. Now, I'm asking questions. If you want to put another card in, then, you put another card in; you make another statement.

MR. HORTON:

Well, in answering some of your statements, I would say that ••

LEG. ALDEN:

Well, I have a couple of more questions.

MR. HORTON:

I'm happy to answer them. But the perspective also should be that ••

CHAIRMAN CARACCILOLO:

Do you want to amplify on the previous answer?

MR. HORTON:

Yes.

CHAIRMAN CARACCILOLO:

Okay.

MR. HORTON:

Thank you, Legislator. If the question is •• I'm trying to get my answer out so I can answer it as accurately as possible, Legislator. If the question is does the town •• did the town make a choice to be part of the police district, yes or no, okay, I'll •• the answer to that is I'm sure sure at some point that choice was made. Did the town choose to opt in or opt out of the Suffolk County sales tax? The answer is no. That's a sales tax that we pay as well as everybody else in the county pays.

LEG. ALDEN:

You mean the New York sales tax?

MR. HORTON:

The sales tax that's at issue here.

LEG. ALDEN:

Right. That's New York State sales tax.

MR. HORTON:

So, your questions now? Right. So, your questions are?

CHAIRMAN CARACCILOLO:

Excuse me. Just for purposes of clarification. When we talk about New York sales tax, there is a component that comes to the County of Suffolk ••

MR. HORTON:

That's correct.

CHAIRMAN CARACCILOLO:

I think that's what the speaker is speaking to.

MR. HORTON:

Right. But you said you had some questions. I'm happy to answer them.

LEG. ALDEN:

Good. Now, you claim that you want equity on the distribution of the sales tax dollars. Would that include all programs? Or do you just want that applied to the police?

MR. HORTON:

I'm sorry. Could you elaborate on that?

LEG. ALDEN:

Well, last time I looked, the east end is where we're buying open space.

MR. HORTON:

That's correct.

LEG. ALDEN:

There is basically no open space in the west end to purchase. In order an inordinate amount of the sales tax dollars that are dedicated for open space purposes go to the east end. So, would you want to see the equity in that funding also?

MR. HORTON:

I think that the County does a wonderful job preserving open space. And I would say that if the county has opportunity to purchase property in Babylon or Islip, then, by all means that the County should pursue that vigorously.

LEG. ALDEN:

No, we could do it in a different way.

MR. HORTON:

Because open space preservation is something that benefits the entire county. It benefits the entire county through the environmental benefit, through the reduction of potential density or

development that would take place. So, that's something that the entire county shares. Now, also the monies that the county uses to purchase open space traditionally have been monies •• correct me if I'm wrong •• traditionally have been monies that the voting population pulls the lever for. Am I correct?

LEG. ALDEN:

For the most part? Yeah, I would imagine so.

MR. HORTON:

So, I guess the people of Suffolk County have supported the amount of preservation that's taken place on the east end. And we appreciate it very much so. We have a very strong partnership there.

LEG. ALDEN:

Okay. That's a nice statement that you just made about all the people in Suffolk County. I'm asking you because you made an argument for equity. Do you want to see equity applied in all the programs as far as spending? Should it be on a per capita basis? Should it be on an east end, west end basis? Because, you know, it's interesting, you come in here and just say for the police, we want equity in this but ••

MR. HORTON:

Well, Legislator, with all due respect.

LEG. ALDEN:

The argument for all the spending might be, okay, well, let's apply an equity formula for all of it, then.

MR. HORTON:

Sure. With all due respect, and I appreciate your hostile tenor, but this is a public hearing about very specific bill. Now, when I run a public hearing, when I run a public hearing, when Mayor Rickenbach does and when Supervisor Heaney •• when we run a public hearing, we are speaking about the hearing that is open and the hearing that is open is about this legislative initiative sponsored by Legislator Caracciolo. So, to have a broader conversation about, you know, county programs, how they're allocated, how they're appropriated, how they're

designated for one portion of the county, I'd be happy to sit down and have that conversation because I'm sure that there are efficiencies that could be found throughout the County.

LEG. ALDEN:

Thanks for the answer and I feel •• I feel very appropriately chastised. Okay. Thank you.

CHAIRMAN CARACCILOLO:

Legislator Carpenter and then Legislator Losquadro.

LEG. CARPENTER:

Thank you. I thank you for coming down. And I also have a copy of a statement from the Mayor of East Hampton, Mayor Rickenbach. And I have to tell you that I am very supportive of this initiative for coming up with the funding formula because the one statement that he made in here about having it be permanent and fair and eliminate any •• the annual political haggling that seems to go onto the issue of whether or not there is going to be revenue sharing for the towns and villages. I don't have a question for you. So, don't feel compelled to reply.

What I want to say is that some of what you're saying is a little bit inaccurate or leaving some information out. I'm glad that recognize the fact that the Suffolk County Police District, which, by the way, the west end town residents do pay for the police district. The east end town residents do not. Therefore, if you look at your county property tax bill, it is far less in the eastern towns than it is in the western towns because of the police district taxes. The west end residents pay. But having said that, I just feel compelled to remind you that, yes, we do provide medivac service. There are three helicopters. One, by the way, which is permanently stationed in the east end. And this was an initiative on the part of this Legislature regardless of the fact that there are really only two legislators representing the east end and 16 representing the west end. We as a body made a commitment to the east end to not only provide that helicopter service but to permanently have the helicopter in the east end. And just recently because of the problems and certainly not due to anything on the part of this county or its employees or anyone else, the helicopters were not performing as they should have. And we have made the further commitment to expand the fleet by one. The purchase order has already gone in for that helicopter. And I have to commend the County Executive and his people for acting so expeditiously and moving that forward within a matter of weeks.

Also, the police district provides on a regular basis to the east end emergency services,

investigation when there are any major crimes. It's the police district from the west end that, you know, services the east end. So, there really is a partnership there. And, yes, we do recognize the fact that taxes are collected county•wide. And that is why I support this initiative. But I do thank you for coming down.

MR. HORTON:

Thank you. And if I may, Legislator Caracciolo, in no way, shape or form am I here to spar or do battle with the legislative body. The partnership between each of the townships and the Suffolk County PD is recognized and appreciated on a daily basis. And Legislator Carpenter, thank you for that. You're absolutely correct. And forgive my flip comment about the medivac. I was a little goated into that. We were going back and forth. But, you know, both of us, I'm sure, can set that aside. Because what this is really about, it's purely about what we're asking for is a predictable formula that's grounded in some calculated basis that would provide for a fair distribution of the funding. And that's what's it's about. You know, the other issues that are at hand, I'm sure we can sit down and have some very interesting, lively conversation about. But, you know, all said and done, we appreciate being here. And we appreciate you taking the matter up. It is something that's very important to the five east end towns and the nine villages.

CHAIRMAN CARACCILOLO:

Let me just •• foot note that several years ago under the previous administration, as some of the •• your predecessor would recall and certainly Mayor Rickenbach would recall, the County Executive at that time completely deleted from •• I believe it was the '98 or the '99 county operating budget, all funding for this public safety revenue sharing with the towns. He did so because up until that time there was no legal requirement for him to provide it in his operating budget. Two things happened. One, this legislative body restored that funding followed by legislation that I and Legislator Guldi sponsored that now mandate that this money be received on an annual basis. The issue that you're speaking to and the issue this legislation addresses is really to not only make it permanent but predictable and fair and equitable. That's the three goals of this legislation. To provide you with your fair share because east end residents, village residents, I know we have the police chief here from Amityville, all over this county pay sales taxes. And why it's true we do have a police district tax, the fact is the county sales tax is collected county•wide. And with the legislation seeks to address is a fair and equitable distribution of that sales tax based upon now on •• in the new legislation of population. So, if

there's growth in sales tax, and I appreciated your comments, Josh, that there is a decline in appropriations, everyone understands that you go back to base line.

MR. HORTON:

Fair is fair.

CHAIRMAN CARACCILO:

But if it increases, you know, you want to participate and share in those revenues. And that's what this legislation attempts to do. Legislator Losquadro.

LEG. LOSQUADRO:

Thank you. I'll try to make my question as pointed as possible. This is obviously a very complex formula that we're going to have to be dealing with here. Because as was pointed out, we're dealing with a number of different services that the Suffolk County Police Department does provide to the east end towns; forensic services, detective, investigative services. As we pointed out, Medivac. We won't get that. But there are a number of services that are provided on a regular basis that do not have to be then become part of your operating expenses for all of the east end towns.

Now, we keep hearing the term fair and equitable. My question, I guess, to you, to the sponsor, to Budget Review because they're the numbers gurus, is that term accurate? Does this formula accurately reflect this very complex formula that has to be taken into account. Not only the taxes that are collected, but the taxes that are charged to all the west end residents of the police district. I know I have it on my tax bill. And that's, you know, other than my school taxes, that's the single largest portion of my tax bill as a member of •• a resident of one of the five western towns. So, taking into account the services, the taxes that the west end residents pay and the taxes that are collected, is this formula taking all of that into account •• and no offense to you •• I want to see you get your fair share, I just want to make sure •• you know, I work in the insurance industry. So, the model was pay what you owe, not a penny more, not a penny less. So, I want to make sure we're paying what we should be paying to make sure that it is a fair and equitable distribution of these proceeds. As I said, take into account that the west end residents do still pay a substantial portion in taxes for these services ourselves.

MR. HORTON:

Right. And I guess the point being ••

CHAIRMAN CARACCILOLO:

Legislator Losquadro, I'm going to have Budget Review answer your question as to the fair and share •• I mean fair and equitable component of this legislation. Is it the most •• is it the most equitable legislation that ••

MR. SPERO:

The legislation would establish a formula for distribution of sales tax revenue. It's based on population in the east end towns and villages, the outside police district, what the total county population. And that percentage, I believe, is about 10.8 percent. And the sales tax would be distributed among the towns and villages outside the district based on that the percentage of total population. So, if the police district gets \$64 million in sales tax as it is getting in 2005, about \$6.5 million would go to the towns and villages outside the district.

If the amount decreases, then that amount wouldn't be reduced. The assumption being made here is that these towns and villages contribute about 10.8% of the sales tax to the general fund.

CHAIRMAN CARACCILOLO:

I just want to amplify your answer because as a sponsor when I approached this topic to strive or strike the balance here fair and equitable, I spoke to Mr. Spero and other members of the BRO. And this was a formula they returned to me, as Jim just stated, that they felt would be the fairest and most equitable. Is that not correct, Jim?

MR. SPERO:

Yes. Because it's hard to get data on just how much sales tax is actually collected in the east end versus west end. We felt that the population basis might be the most fair and equitable way to do it.

LEG. ALDEN:

But, Mr. Chairman?

CHAIRMAN CARACCILOLO:

Legislator Losquadro ••

LEG. ALDEN:

Point of order?

CHAIRMAN CARACCILOLO:

What's your point of order?

LEG. ALDEN:

I'll yield for a moment.

LEG. ALDEN:

I believe this is a public hearing. And that would be more appropriate to go into when we're debating bill at that point.

CHAIRMAN CARACCILOLO:

Dan?

LEG. LOSQUADRO:

Very well. I'm just •• since this is a public hearing, I'm trying to formulate an accurate opinion on this much like I know Legislator Alden was earlier. Just trying to get some answers to obviously a very complex question. In theory, I'm very supportive of making sure that the east end towns •• I know from a long•term budgeting forecast scenario, this has to be an absolute economic nightmare for you to not know what is coming year to year. So, I'm supportive of making this permanent and you being able to forecast, you know, what that percentage should be. I just want to make that the percentage accurately reflects the services that the Suffolk County Police Department provides to the east end towns; and that it is fair and equitable to the members •• the residents of the west end towns who are paying their •• more than their fair shares in taxes as well. So, thank you for coming down and good to see you.

MR. HORTON:

Thank you likewise. And I want to assure you that we on the east end very much feel a part of Suffolk County. And we on the east end want nothing more than it to be fair and equitable not just to us. When we •• when you use •• when we use the term fair and equitable, that's an inclusive goal that we would strive for as well. So, I certainly appreciate this opportunity. And I have faith that the Legislative body will give this matter a serious consideration and produce a fair and equitable solution at the end of the day.

CHAIRMAN CARACCILOLO:

Thank you, Josh. Did you have a question, Legislator O'Leary?

LEG. O'LEARY:

Yes, I do, but it's to BRO. Has there ever been an analysis done of the cost impact of the services provided to the east end towns and villages by the Suffolk Police Department?

MR. SPERO:

I did an analysis like that about 25 years ago. And it caused a brouhaha, which resulted in the closing of the Seventh Squad Detectives, if you recall.

LEG. O'LEARY:

Yeah, well, I was around then, too.

MR. SPERO:

And the analysis showed that •• it was interesting because the cost of the services provided to the east end roughly came to around 10% is my recollection.

LEG. O'LEARY:

Yeah. Well, that •• see that would be my point and concern with respect to if you take across the board formula based on population. I think you would have to take into consideration, and I had had some conversation with the sponsor of this bill regarding that, the actual services performed in the cost impact on the residents of the western towns who pay that police district tax. If that could be carved out of the percentage, the equitable amount as you say, I think we have something we can go on here that's •• I mean I'm all for fair and equitable. But if a fair and equitable under this proposal is strictly by population, doesn't take into account the services provided by the west end taxpayers who pay the police district tax of the Suffolk County Police Department, who provide services on the east end. So, if that •• if that can be brought into this equation, I'd be supportive of this particular endeavor.

CHAIRMAN CARACCILOLO:

The Chair doesn't want to debate the bill, but I would just note and I'd like Budget Review to comment, Jim, that east end residents do contribute to the general fund of the county property

tax.

MR. SPERO:

Yeah.

CHAIRMAN CARACCILOLO:

And it's been my understanding much as it was in Nassau County where we had a police district taxes as well as the general fund tax, that the portion that's assessed to the general fund to each of the ten towns is apportioned to the services they receive; in this case those services would include police headquarters. Am I correct about that, Jim?

MR. SPERO:

Yeah. Police headquarters is part of the general fund.

CHAIRMAN CARACCILOLO:

That's correct. So, services like Special Services Bureau, detective services, investigative services, the helicopter are paid for ••

MR. HORTON:

•• in the general fund.

CHAIRMAN CARACCILOLO:

Legislator O'Leary? Are paid for by residents in each of the ten towns on a portion basis. Correct, Jim?

MR. SPERO:

That's correct.

LEG. O'LEARY:

I understand that, Legislator Caracciolo. But my point is the services provided to the eastern towns, is it over and above that portion? That's my question.

CHAIRMAN CARACCILOLO:

Yeah. One would have to do a detailed analysis on an annual basis to make that determination. Just an update.

MR. HORTON:

You took that 25-year old study and just like that ••

CHAIRMAN CARACCILOLO:

Thank you very much, Supervisor.

MR. HORTON:

Indeed. And if I may just make one last point in regard to the services. Most of these east end towns now have •• we all now have our own K•9 units, which we used to draw on regularly. The Medivac that's stationed on the east end flies •• it will fly west as well if needed outside the east end obviously because that's •• I think that's a given. Largely the technical or the skill and expertise on from the County would be in the event of a homicide. Now, I think Shelter Island has one in 340 years. And also in the event of arson, you know, or large fire where we would require an arson investigation. So, we will draw on the county for those services. But I think, you know, homicides in the Town of Southold, how many that are •• have been accounted, I don't know; but the ones that have been reported are very, very few. So, those are really some of the technical, you know, skilled services we would draw from Suffolk County PD. But thank you very much, and thank you for the point about the fact that those services are paid for out of the General Fund that the east end also contributes to.

CHAIRMAN CARACCILOLO:

All right. Mayor Rickenbach.

MAYOR RICKENBACH:

Thank you very much Mr. Chairman, ladies and gentlemen of the Budget and Finance Committee. My name is Paul Rickenbach. I am the Mayor of the Village of East Hampton sometimes referred to as America's most beautiful village. And for those of you from the western portion of our county, our county, I invite you during the season to come out and take advantage of everything that we have to offer.

I would just like to preface that in my tenure as mayor at one point I also served as Mayor of the Suffolk County •• correction •• as President of the Suffolk County Village Officials

Association. And here in the audience today are representations from the Village of Amityville, the police chief is here and likewise the Village of Lloyd Harbor. The legislative intent as proposed by Mr. Caracciolo and Schneiderman's bill would likewise assist the villages within the police district that have bonafide police departments. So, again it's not only going to mirror potentially police agencies outside the County police district, that is, the five east end towns and villages but likewise a few villages to the west. I think it's important to note that.

The other point like to make is, again, you're new colleague, Mr. O'Leary and yours truly enjoy a background in law enforcement. I was there 25 years ago. And I remember what happened then. It's history. But we're now in the year 2005. And what we're trying to do is support the legislative intent of the bill that's before you folks and is being discussed here in the public forum today.

With respect to the east end towns for specialized police services, I just want to underscore what the Chairman said. At the town level of the county tax bill, and I'm subject to scrutiny by members of the Budget Office, we are now paying at that level for the specialized services, which is the police headquarters district. For example, if the Town of Southold needs the expertise of the homicide squad, that money is in the budget as it relates to the Town of Southold. They're paid into the county general fund headquarters location. If the Village of East Hampton needs to take advantage of the arson squad, again, we've kind of pre•paid by way of the county tax portion of our bill as village residents and town residents. So, it's all inclusive. Again, what we're trying to do is just look for an additional equity in this. In how the monies that are generated throughout the entire footprint of Suffolk County inclusive, again, of the five east end towns and villages. We think that this is a definite step in the right direction.

What I would like to read for the record apparently it's been made available possibly •• Michael, did you make that available to your colleagues?

CHAIRMAN CARACCILOLO:

It's been distributed.

MAYOR RICKENBACH:

Okay. Then suffice to say that you folks have it in hand. And I'd be most happy to hopefully answer any inquiry that any of you folks might have.

CHAIRMAN CARACCILO:

Mayor, on a personal note, I know the Committee shares my feelings and wish you and your wife, particularly your wife, a speedy recovery.

MAYOR RICKENBACH:

Thank you very much.

CHAIRMAN CARACCILO:

Thank you very much for being here. I know, you know, it was tough for you to get here today. I appreciate it.

MAYOR RICKENBACH:

I appreciate that. Thank you have much for your consideration.

CHAIRMAN CARACCILO:

Mark Grossman.

MR. GROSSMAN:

Joining me will be James Clark who is a trustee of the Village of Lloyd Harbor. Jim is also the first Vice President of the Suffolk County Village Officials Association. I serve as Executive Director. Our comments will be very brief. And just as souvenir here, we'll hand out directories of the association.

In it in the village by village pages, you'll see which villages have their only police departments and which are served by the Suffolk County Police District. Our comments echo what Mayor Rickenbach and Supervisor Horton had said. And certainly we recognize, too, the villages. There are 16 villages that have their own police departments. Lloyd Harboy being one of them. Several on the west end. And I'm glad Mayor Rickenbach had mentioned that because it's not just an issue of east end municipalities. But there several on the west end. And there'll be noted in the directory which you have there.

Buy they do receive services from the Suffolk County Police Department. And certainly the association acknowledges that and would certainly open to the formula reflecting that. But the main issue here is reliability and predictabilities so that future legislators don't look for ways to

balance their budget on the backs of the villages that have their own Police Departments. And it's really as simple as that. Particularly we're skiddish about those issues because of what occurred a few years ago. And the need for us to have to come to Suffolk County Legislature to ask that the money that it indeed was •• that was regularly provided because we have our own Police Department, the threat being to take it away.

Trustee Clerk, do you have anything you want to add to that?

MR. CLARK:

I want to thank you for the opportunity being here this morning. And as Mayor Rickenbach was talking about the eastern section, the villages, I'm so glad that we have the first western section in Suffolk County right over the Nassau County line. So, I'm glad to see that we're getting together. But thank you very much and we're very supportive of everything.

CHAIRMAN CARACCILOLO:

Thank you.

MR. GROSSMAN:

Thank you.

CHAIRMAN CARACCILOLO:

Robert Ross, Deputy Supervisor, Town of Southampton.

MR. ROSS:

Good morning. My name is Robert Ross. And I'm the Deputy Town Supervisor of Southampton. And I'm appearing here this morning on behalf of Supervisor Patrick Heaney who regrets that due to a town board meeting is unable to personally appear. With me today is Captain Anthony Tenalla, the executive officer of the Southampton Police Department. I am here this morning to speak in support of the Caracciolo/Schneiderman legislation currently before you, which if enacted would amend and update the formula used in determining the distribution of public safety sales and compensating use tax revenues to the various towns and villages within Suffolk County that utilize their own police departments.

This updated legislation is long overdue and takes into consideration the changing demographics of the County. Please allow me to take a moment to share with you some

statistics from the Town of Southampton, although I might be repeating some that Supervisor Horton mentioned. In the year 1999 our town police department total expenditures were \$10.5 million. Southampton received \$622,175 in public safety and compensating use tax revenues. The county sales tax sharing offset 5.91% of the total police department expenditures. As of yesterday, we were unable to obtain the total sales tax revenue collected by the county for 1999.

In the Year 2000 our police expenditures were 10 million 961 thousand dollars. Southampton received a million 74 thousand dollars or 9.8% from the County in the public safety and compensating use tax revenues. Again, we were not able to obtain the actual amount collected by the County. In the Year 2000, the amount of sales tax collected by the County was \$791,000,463 in compensating sales use tax revenues. The same year the total expenditures for our police department were 11.8 million. And that represented 9.29%.

The next year 2002 when the County collected \$892,539,000, over one hundred million dollars more than it did in the previous year 2001 Southampton received \$879,806, over \$220,000 than the previous years. That year our police expenditures were \$12,617,000,000. 2003 on sales tax revenue of \$993,347,333, 000,333, not that far away from the billion dollar mark. Southampton received the same amount as 2002, \$879,806 against our expenditures of \$15.1 million or 5.79%.

Figures reflecting the total sales tax obviously collected for 2004 were not available yet, but Southampton received \$910,600. And we anticipate receiving for the current area 2005 based on information received from the County \$910,600 against our expenditures of 16.2.

In conclusion the Town of Southampton takes the position along with the other east end towns and villages that change to the formula in allocating the distribution of sales and compensating use tax revenues are needed and request that this Committee act favorably on the Caracciolo/Schneiderman bill. And I thank you all for the opportunity to address you this morning.

CHAIRMAN CARACCILOLO:

Thank you, Mr. Ross. Just a question on the numbers you recited. If I followed you, it appeared that between 2001 and 2004 •• and I know you don't have the figures, but we do •• the County

did go over the billion dollar mark in sales tax receipts. In fact, we're going to hear a report in a little bit that share the most, I guess, the recent estimate of what that number is. So, there was a \$300 million increase in county sales tax receipts. And essentially what you and others have pointed out is that that has not been reflected on a pro rata basis in your sales tax share.

MR. ROSS:

Correct. We received approximately \$160,000 additional.

CHAIRMAN CARACCIOLO:

Right.

MR. ROSS:

Correct.

CHAIRMAN CARACCIOLO:

Jim, what is the number for '04?

MR. SPERO:

Over a billion dollars in the general fund in '05. Another 64 million goes to the police fund. And 64 million over that goes to the Water Quality Fund. So, a total sales tax collections in the County are about be one billion 128 million dollars.

For '04, we're still waiting for the •• we're over a billion for '04 as well apparently for the general fund.

CHAIRMAN CARACCIOLO:

In the '03 budget, which was Mr. Gaffney's last budget, how much of the sales taxes was appropriated to the police district?

MR. SPERO:

In 2004 it was 22 million.

CHAIRMAN CARACCIOLO:

And in '04 under Mr. Levy, it went from 22 million to 64 million? That's a 200% increase.

MR. SPERO:

That's right. It went from 22 to 64.

CHAIRMAN CARACCILOLO:

What did the town and villages receive as a commensurate increase?

MR. SPERO:

Nothing. It stayed constant.

CHAIRMAN CARACCILOLO:

Thank you.

MR. ROSS:

Mr. Chairman, I'll submit my comments for the record.

CHAIRMAN CARACCILOLO:

Thank you very much.

MR. LIPP:

One issue with some of the numbers is that the police district, for instance, received a full quarter cent in 2001. And it went down to only 5.2 million in 2002 which in part reflects why there was a decrease to the revenue sharing for the towns and villages.

CHAIRMAN CARACCILOLO:

Right. But now it's up 200% from a year ago.

MR. LIPP:

Right. But the point to be made is he's looking at •• which is a valid argument •• he's looking at the total sales tax. But what the formula has been in the past is to look specifically at the amount that it is for the police district. And the police district went down substantially from 2001 to 2002; from a quarter cent to only 5 million.

CHAIRMAN CARACCILOLO:

Now, the monies, since you brought that up, Robert, what drives the amount of money that you

use from sales tax receipts to be allocated to the police district? The over all costs of police district services?

MR. SPERO:

No. It's a policy issue. It's one of the points I was going to bring up in the budget briefing; how much money goes to the sales tax.

CHAIRMAN CARACCILOLO:

Okay. Then, we'll hold that for the budget briefing. Okay. Okay. Are there any other speakers on this public hearing? Hearing none, the Chair will make a motion to recess the public hearing.

LEG. ALDEN:

Second.

CHAIRMAN CARACCILOLO:

Second by Legislator Alden. All in favor? Opposed? Abstentions? Unanimous. Thank you all for appearing.

That brings us to today's agenda and presentations to be made by the Legislature's Budget Review Office and the County Executive's Budget Director, Mr. Borzfield. Please come up. Okay. As the Chair stated at our initial meeting last month, one of the primary goals and objectives of this committee is to monitor county finances on a regular basis. And to do that, we need •• we will need to hear from the respective budget offices as to what the state of county taxes are at any point in time. So, as we enter the second month of this year, I think it's timely to perhaps gets our first sneak preview as to where we're going, what kind of problems may be anticipated that will affect the balance sheet. And how we may begin preparations to deal with perhaps shortfalls that may materialize due to circumstances beyond county government's control like unfunded mandates and the like.

So, at this time I'd like Mr. Borzfield to make a brief presentation. I thank you for appearing today. I know from time to time myself and other members of the Legislature will have questions for you. And we can always address those to you between meetings by correspondence. So, if you could, Bob, give us just a quick snap shot of where we are today in terms of perhaps fund balances, which we won't know until we close the books in April. And

then from there what your projections are with respect to county operating expenses and potential surpluses or short falls. Jim, you want to answer for Mr. Bortzfield?

MR. SPERO:

No, I won't answer for Bob. But I have a number of points to make along these lines if ••

CHAIRMAN CARACCIOLO:

You do.

MR. SPERO:

•• I could jump in first.

CHAIRMAN CARACCIOLO:

Okay. Now, before you do, it's been a past practice to have the budget offices, discuss and routinely shape what the county's finances are. Has that taken place since the first of the year?

MR. SPERO:

We had one preliminary meeting on Friday to discuss some of the parameters the budget office has used in their model. And Robert has been crunching the numbers diligently for the last two weeks to come up with our budget models for 2006. So, at this point in time we only have very preliminary numbers. And we're still not in complete agreement between the two budget offices on what we might be looking at as a possible problem for 2006.

CHAIRMAN CARACCIOLO:

Are those differences minor or are they significant?

MR. SPERO:

At this point I wouldn't say they were significant. I think we're about \$63 million in the general fund and the budget office is about \$71 million in the general fund.

CHAIRMAN CARACCIOLO:

In terms of a potential deficit?

MR. SPERO:

Yes, property tax impact. Now it's important that you mention fund balance because a lot of the problem we're currently perceiving is related exactly to that point. The 2005 budget was balanced using \$100 million in fund balance from prior years. Now, this is like any other revenue source. To the extent the the fund balance does not materialize when we prepare the '06 budget, the property taxes will have to increase to make up that difference. So at this point in time, we're not projecting having another \$100 million in the bank to mitigate the property tax impact in 2006. And that's a large part of why we see an increase in the General Funds property tax levy at this point in time.

CHAIRMAN CARACCILO:

What's in the tax stabilization fund?

MR. SPERO:

\$109 million is projected to be in tax stabilization reserve by the end of this year.

CHAIRMAN CARACCILO:

So, if nothing changed between now and the end of the year, would one anticipate that the Executive would submit a budget using tax stabilization funds to mitigate a general fund property tax increase?

MR. SPERO:

That could be done. State law requires a two and a half percent property tax increase before you could draw down any funds from the tax stabilization reserve. There's another important point that has to be made and vis•à•vis the sales tax that goes to the police district funds. The amount of tax that goes to that fund is really a policy decision the elected officials make based on whatever the taxing parameters they want to establish in a given year. So, if the general fund is flush as it was this past year, more sales tax went to the police fund to stabilize the tax increase there. Conversely, if we're looking at a potential problem in the general fund, let's say •• if the fund balance does not materialize, and the policy makers wish to have a greater tax increase in the police fund, the sales tax could be brought back to stabilize the general fund tax levy.

So, the amount of tax that goes to the police fund is really •• can vary based on whatever the taxing policy is for a given year. A quarter cent is the maximum that could go to stabilize taxes in the police fund. But it could go to zero.

CHAIRMAN CARACCILOLO:

And this year that was \$64 million?

MR. SPERO:

That's correct.

CHAIRMAN CARACCILOLO:

Okay. What was the least amount that we have used for the •• from sales tax to augment the police district? Was it that \$5 million figure you mentioned earlier, Robert?

MR. LIPP:

Well, I could tell you when •• I could check it. I could tell you when. It'll take me a minute. But at some point we were giving you nothing. I'll tell you •• if you give me a few minutes, I'll tell you when.

MR. SPERO:

Okay. So, fund balance obviously is critical to our •• to the discussions on the budget. As you pointed out, we probably won't have a •• an unaudited fund balance figure until sometime in April. We all hope that the •• we'll have extra •• some extra fund balance that we did not anticipate receiving when the budget was adopted. So, if that's the case, that'll go to offset any property tax increase in 2006.

CHAIRMAN CARACCILOLO:

With respect to the 64 million projection you're making and budget office is projection \$71 million shortfall, where is that shortfall materializing? What areas?

MR. SPERO:

Well, it's usual culprits that cause expenses to increase every year. Salary increases, mandated increase •• excuse me •• increases in the mandated expenses, particularly in the Medicaid area. So, those kinds of things •• those expense increases are there every year. Health insurance and fringe benefits also increase.

CHAIRMAN CARACCILOLO:

Retirement costs?

MR. SPERO:

And we're also projecting some increases in debt service for 2006 as well. I'll get into that in a few minutes.

CHAIRMAN CARACCILOLO:

How about retirement costs?

MR. SPERO:

The requirement costs, we paid the bill, as you know, in December of 2004 instead of February 2005. That saved the County about a million dollars; about 1.2 million, I think, it was. At this point in time we're not projecting making another retirement payment until February 1st, 2006. We had budgeted only one retirement payment. If •• and the appropriations that would funded the '05 payment were stricken at the last meeting of the Legislature because we had over •• we were over appropriated. And that money should not have been able to be spent because there was no tax money backing it up.

CHAIRMAN CARACCILOLO:

Okay.

MR. SPERO:

Okay.

CHAIRMAN CARACCILOLO:

Robert has that information.

MR. LIPP:

1991 was the last year that the police district received no money from the sales tax.

CHAIRMAN CARACCILOLO:

Okay. And the \$5 million figure that you mentioned earlier was more recent?

MR. LIPP:

Yes. We actually received •• they received an 8th of a cent in '92, 37.6 million in 2000. I'm

sorry. In '92, '94 they received an eighth of a cent. Most recently 2002 is five million; 2003 14 million and change; 2004 22 million and change.

CHAIRMAN CARACCILOLO:

64 million and change in 2005. Okay.

MR. SPERO:

Just to go back to a point on retirement, we don't have to pay the entire retirement bill either December 15th or February 1st. We do have an option of paying the ERS portion completely. Let's say if we had the ability to do it, we could pay that in December and pay the police portion in February 1st. You can split it.

CHAIRMAN CARACCILOLO:

Well, ERS is the lion's share of the bill.

MR. SPERO:

They're about equal. No, they're about equal.

CHAIRMAN CARACCILOLO:

They are? How many employees do we have in ERS?

MR. SPERO:

About two to three times more employees. Same dollar value. Okay.

CHAIRMAN CARACCILOLO:

All right. So, Jim if you could, just break down for us where your \$64 million is by category. Shortfall? And when you say salaries, does that include pending negotiated settlements and/or arbitration awards?

MR. SPERO:

Okay. We handed out a memo to you just now with our 2005 salary •• first 2005 salary projection for the year.

CHAIRMAN CARACCILOLO:

Okay.

MR. SPERO:

We'll be doing these regularly throughout the year to monitor where the payroll is at any point in time. Salaries and fring benefit make up the lion's share of the non•mandated cost of county government. Okay.

CHAIRMAN CARACCILOLO:

We have about 15 minutes for this presentation so ••

MR. SPERO:

Okay. I'll just get to some salient points. If you go to the second paragraph on the memo, during the period February 2004 to January 2005 the number of filled positions has declined 1.5%; 157 from 10,603 to 10,446 excluding the community college. There are a number of vacancies in major departments. And you've heard this problem with Social Services. The police have vacancies as does the health department. So, the larger departments are impacted more significantly with the number of vacancies. In the general fund ••

CHAIRMAN CARACCILOLO:

Jim, excuse me. Just quickly, in the police department, I see we're at a strength level now of 1717. That's down from a year ago this time •• what was the number?

MR. SPERO:

If you look at the attached charts, line charts ••

CHAIRMAN CARACCILOLO:

Right.

MR. SPERO:

You could see the number of sworn •• total sworn police personnel is now at 2577. And last year at this time •• at the beginning of January of 2004 it was 2665. That's ••

CHAIRMAN CARACCILOLO:

But I'm looking at police officers' positions.

MR. SPERO:

Yeah, the police officers ••

CHAIRMAN CARACCILOLO:

The people who are out in the street.

MR. SPERO:

Right. This is the PBA only; that chart.

CHAIRMAN CARACCILOLO:

1717.

MR. SPERO:

1717. In January '04 it was 1796. Primarily it was because there was no police class in 2004. We're scheduled to have a class of 60 recruits in March and another 60 in October of this year. That'll really keep the force about even.

CHAIRMAN CARACCILOLO:

Okay. But that means we saw about 79 retirements and/or resignations or ••

MR. SPERO:

Typically we budget over a hundred retirements a year. We allow for that. And that's pretty fairly constant.

CHAIRMAN CARACCILOLO:

And how many home new recruits will be in the class?

MR. SPERO:

60 in March and 60 in October.

CHAIRMAN CARACCILOLO:

So, basically we should come out a little bit ahead by end?

MR. SPERO:

Again, depending on how many more people might retire between now and then.

CHAIRMAN CARACCILOLO:

Right. Right.

MR. SPERO:

We also have the chart on filled correction officer positions, which you can see; and filled deputy sheriff positions. As far as the pay roll goes, based on current filled staff, assuming that there is no changes, the same number of people are on the payroll, the same people are on the pay roll from now to the end of the year, we're projecting a surplus of \$14.3 million in the permanent salary lines. And \$20.2 million for all funds. That doesn't take into account that the County Executive has re•authorized 164 167's for departments to fill positions and, I assume, some additional SCIN forms were authorized this year for departments to fill positions. So, as those positions are filled, obviously there won't be these •• the surplus that we're currently porjecting.

CHAIRMAN CARACCILOLO:

None of those SCIN forms yet to be created, the Department •• called the Department of Energy and Environmental, are they?

MR. SPERO:

There was several new positions created with that Department; some of them were existing titles that were already in the classification and salary plan. So, to the extent that they were, they could be filled. However, the positions of Commissioner and Assistant Commissioner could not be filled because the local law that creates the department was not adopted. So, the personnel officer can't certify those positions. And they can't be filled until the local law is adopted.

CHAIRMAN CARACCILOLO:

Okay.

MR. SPERO:

That basically is the payroll summary that you can look at in your spare time.

Another memo we handed out regards to Medicaid cost for '04 and '05, we ended the year very favorably there with Medicaid; a gross savings of 7.8 million from what we had estimated in the fall. And we're currently projecting gross savings from 2005 adopted of \$17.4 million. Now, Medicaid continues to be an area that the •• of much discussion in the state and federal levels. The Governor has put a savings plan in to cap Medicaid growth. But the •• there's one major caveat there. And that is, it requires the acceptance of all the Governor's cost containment initiatives to be adopted for that cost containment and issues for the County to be adopted. So, if the state Legislature balks at any of the Governor's cost containment initiatives, the counties don't get the cap on the Medicaid costs. It's tied •• they're tied together.

There's also a recent development at the federal level where there's some discussion about making a Medicaid block grant, which would cap the federal share of Medicaid. Now, if that happens, obviously that will pass more cost on down to the states and counties.

CHAIRMAN CARACCILO:

Yeah. Particularly states like New York that have ••

MR. SPERO:

So, if Medicaid •• it's an unfolding •• it's an unfolding saga here.

CHAIRMAN CARACCILO:

Particularly states like New York which have the Mercedes of all ••

MR. SPERO:

Yes.

CHAIRMAN CARACCILO:

•• the Medicaid plans.

MR. SPERO:

Yes. That's correct.

LEG. ALDEN:

Rolls Royce.

MR. SPERO:

Okay. Sales tax for •• projections for 2004, so far we've received one check in February. Based on that we think sales tax will be about \$two million higher than what we had estimated; Budget Review Office had estimated back in the fall. However, we still have one check to come in. And we should know by Thursday what that amount is. And when we know what that amount is, we will do a final analysis for the 2004 sales tax. And we'll issue a memo on that sometime next week.

CHAIRMAN CARACCILOLO:

Okay. Earlier, getting back to the payroll and salary cap, you talked about the vacant positions and how much that would generate in savings, over \$20 million. What is the intention on the administration's part with respect to those funds? If we projected •• you're projecting a \$71 million potential deficit, is there any intention at this point to epeal these positions from the operating budget and automatically save that money •• set that money aside?

MR. BORTZFIELD:

Once we reach numbers that we're looking at for actual projection of what shortfalls might be, because as Jim had mentioned, these are very, very preliminary numbers •• we've only met one time with the Budget Review Office on Friday to go over •• to try to come up with a consensus forecast on all these major numbers in the budget. We don't have that consensus forecast at this point in time. And the numbers are in a constant state of flux due to the fact much of which has to do with, you know, potential fund balances for the end of 2004, what they will wind up actually being considering the shift of the pension costs from the 2005 to 2004. And any other things that come in and impact that. We're not really in a position to say, you know, what exactly •• the type of shortfall we are facing; however, when we do come to that point in time, we will indeed be looking to look •• to work with the Legislature like we had done last year, when we faced a major problem with the County's budget as how to address those issues. And obviously, personnel and reductions in personnel can result in the way of holding back on release of 167's, which could very well be in the mix as to addressing that particular problem.

CHAIRMAN CARACCILOLO:

Thus far this year, Mr. Bortzfeld, do we have a policy in place on travel and equipment expenses as we did last year and in previous years? You know, 10% reductions across the

board?

MR. BORTZFIELD:

We have a 10% reduction in place right now on •• in supply and material and equipment accounts with the departments. It's not an official policy that's been in place, but every Director of the departments in the County of Suffolk were notified to •• at this point in time since we don't know where •• what the numbers are, to reduce the expenditure levels in that area. There is also a policy at this point regarding a release or none•release of 167's to release positions until such time as we have a better handle as to exactly what the projections are for the year.

CHAIRMAN CARACCILOLO:

Would you know or perhaps Budget Review can look up, what our travel expenses were for '03 versus '04? Was there a real reduction in travel expenses?

MR. SPERO:

Robert's calling up a file now.

CHAIRMAN CARACCILOLO:

Okay. So, at this point, Mr. Bortzfeld, are you saying it's premature for us to begin a proactive process of trying to deal with a potential shortfall in the order of \$70 million?

MR. BORTZFIELD:

No, I'm not saying that. I said we already have started a proactive process. It's just we don't know what the number is that we're looking at as the potential shortfall that we're going to deal with.

CHAIRMAN CARACCILOLO:

Okay. And what are the measures specifically that you mentioned that I missed? What actions were taken?

MR. BORTZFIELD:

We already have the 10% reduction in supply and material and equipment accounts. They're taking place in the 2005 operating budgets. We have reductions in temporary salary accounts

in the 2005 budgets. We have restrictions on the release of positions •• obviously a release 167's for filling positions in departments.

CHAIRMAN CARACCILO:

Okay. And what do you anticipate that will save?

MR. BORTZFIELD:

We have no particular amount at this point in time we're saying it's going to save because we're not looking •• we are not sure as to what amount we're looking to save. At the point in time when we come up with projections in conformance with the County Charter and meet with BRO and come up with consensus projections of what the potential shortfalls are, then we'll be coming up with additional areas to say okay, this is what we feel might be necessary steps that have to be taking place to come up with specific dollars amount.

CHAIRMAN CARACCILO:

And when would this Committee expect to hear back from you on that?

MR. BORTZFIELD:

We hope to have numbers, you know, within the next month or so. Again, a lot of it ties into the County closing out its books for 2004, getting better numbers on where we're going for 2005. A lots going to be depending on the state budget which obviously we don't know when we're going to have •• if we're going to have at all. So, any of these numbers that we're coming up with at this point in time take none of the state budget impacts into consideration as to what potential it might ••

CHAIRMAN CARACCILO:

Well, the difference this year versus last year is last year the magnitude was so great.

MR. BORTZFIELD:

The magnitude was much larger. It was several very large issues that were very easy to identify. And the specifics on this year, it's really a combination more of a lot of small areas. You know, the big ares are still there. The big areas are Medicaid, the big areas are employee health insurance, the salary monies that had been put into the budgets, you know, for projected salary increases as well as the cost of the police and other public safety unions, binding arbitration and the expected binding arbitration awards. These are all issues that are still

there. The growth in those areas is rather substantial each year. And the revenue growth that comes in to offset that is not consistent with growth. Obviously our big growth is in sales tax. But even a huge growth in sales tax does not cover all your individual growth in all these other areas.

CHAIRMAN CARACCILOLO:

Now, the County share of Medicaid cost, I seem to recall just two years ago it was like \$188 million.

MR. BORTZFIELD:

Yeah. It keeps growing.

CHAIRMAN CARACCILOLO:

312 now?

MR. BORTZFIELD:

Yes.

CHAIRMAN CARACCILOLO:

What percentage of our total budget does that account for?

MR. SPERO:

Fifteen percent of the General Fund; 16% of the General Fund.

CHAIRMAN CARACCILOLO:

And that's all unfunded mandates by the state and federal government.

Unbelievable.

Okay. Do you have those figures?

MR. SPERO:

Yeah, the travel •• there's different types of travel. Under the travel umbrella there's

reimbursement for employee mileage and meal reimbursement. So, trying to break out just how much is pure travel is a little difficult. But in the travel "other" line, we'll use that for discussion purposes here, in '03 it was an actual 157,000; for '04, it's 312,00 estimated. And for '05 adopted 358,000.

CHAIRMAN CARACCILO:

How did I know that? How did I know that? Where was the savings? Where was the 10% across the board? Where was the effort to cut back on travel? I couldn't get down do Washington DC to do my job as a Legislator lobbying federal officials. For \$103 I got a travel voucher denied. I was going to pay my own expenses. What's going on here? What a joke. I hope the media pays some attention to what's really going on in this County versus what's being said that's going on in this County. And this is only scratching the surface, trust me. Questions of the Committee members? Legislator Alden.

LEG. ALDEN:

Hi, Jim. Before •• and there was a presentation, I think, by the County Treasurer, he stated that if we had more money in our reserve accounts, our bond rating would be higher and that would translate into ••

MR. SPERO:

I stated that.

LEG. ALDEN:

I'm sorry. Okay.

MR. SPERO:

Yeah. To be a double A credit requires you to have significant reserves. In other words, we'd have to increase the tax stabilization reserve. We have \$109 million there now, that's good for an A credit. If you want to be a double A credit, you have to pump that number up even higher. Top of my head, I can't give an amount. But ••

LEG. ALDEN:

Didn't we by policy change that? Now we're putting less money into the reserve account; right?

MR. SPERO:

But we've been funding it fairly regularly right along. We really haven't been drawing it down that much. But ••

LEG. ALDEN:

There was a mandatory amount, though, on surplus as far as sales tax that went into that. And didn't we just readjust that downward, that formula? Wasn't that adopted?

MR. SPERO:

The amount we have to put in is minimum of 25% of the prior year actual discretionary fund balance. If discretionary fund balance, for argument sake, is \$100 million, you have to put 25 million of it ••

LEG. ALDEN:

But it was 50% until recently; right? Haley put a bill in couple of years ago.

MR. SPERO:

Yeah, that's right. That law was repealed.

LEG. ALDEN:

Right. And then we just decreased the amount going into a fund balance •• not a fund balance. A reserve.

MR. SPERO:

Well, not necessarily because the fund balance is based on excess sales tax revenue. So, there was an overlap in those requirements.

LEG. ALDEN:

You also said before something about debt? We did a refinancing, but no that •• I guess in '06, we have dissavings? Is that what you were starting to say?

MR. SPERO:

Yes. I haven't gotten to the •• talk about debt service yet. But what happened was, if you recall during the '04 we had the savings plan which included savings due to refinancing. And the refinancing that was done was rather large. One of the most complicated bond issue the

county has ever issued, and we're still trying to figure out just how the •• each bond issue was impacted. Be that as it may, we saved about \$26 million in '05. And for each year thereafter, there's a three and a half million dollar dissavings. That amount was capped by the Legislature ••

LEG. ALDEN:

Right. But the original proposal, though, that came over was huge upfront. And then we had huge dissavings. So, it was almost like •• I'm not sure how to classify it, but it wasn't fiscal responsible as far as I was concerned but ••

MR. SPERO:

The Legislature wisely limited the dissavings to 3 and a half million dollars instead of ten ••

LEG. ALDEN:

Well, we actually had the opportunity to do a little bit better than that, too, but we chose a compromise position.

MR. SPERO:

As it turned out, the County was able to take advantage of favorable dip in interest rates, which •• and we sold the bonds and achieved the about the same level of savings that had originally projected with the! \$10 million dissavings amount. So, it worked out nicely for the county.

For '06 we're projecting •• assuming no renewed debt is issued, which is not going to happen, of course, about \$11.2 million increase in debt service for '06. And then at least another seven and a half million on top of that for new bond issues. But we're still working on those numbers.

LEG. ALDEN:

Jim, how does increased sales tax to to the fund balances? It doesn't affect it or it does affect it? Fund balances are mainly just savings on expenditures?

MR. SPERO:

Fund balance is basically the excess revenues over expenditures; a positive fund balance. If we have excess revenues, it could be sales tax, state aid, whatever it might be. Those go to the

fund balance. And you can't spend those monies. Remember, we had that discussion at the end of the year about that whole issue. You can't appropriate excess revenues during the year because you have to receive all your revenues. And you never really achieve that •• get to that point. So, that money goes to fund balance. It's used to offset your next year's tax levy.

LEG. ALDEN:

And each year as far as what I've seen, we've had excess sales tax coming in.

MR. SPERO:

The County's been very fortunate in so far as our sales tax revenues have been strong. And hopefully that will continue.

LEG. ALDEN:

Now, getting back to what you just stated, it's illegal to actually spend excess revenue that comes in, isn't it?

MR. SPERO:

That's right. If we have excess •• you know, if Robert projects that we're going to get \$5 million more sales tax revenue, you can't spend that. Appropriate that money and start spending it.

LEG. ALDEN:

So, a resolution that came over that would try or attempt to spend revenue that really was in excess of what we had budgetd, would be an illegal resolution as far as that goes.

MR. SPERO:

Unless it's a grant, yes.

LEG. ALDEN:

Good. Thanks.

CHAIRMAN CARACCILO:

Legislator Carpenter.

LEG. CARPENTER:

Thank you. I want to get back to the tax stabilization fund. Jim, as you said, it's projected to be a 109 million. And the reference to the rating agencies and our bond rating, that it would be higher if the tax stabilization fund were higher. Can you please check on what that amount would be? And the second part of my question would be with that increase tax stabilization fund and the increased bond rating, what our savings would be when we go out to borrow. All right?

MR. SPERO:

Okay.

LEG. CARPENTER:

I don't need it now.

MR. SPERO:

I'll call •• contact Rich Tortora at Capital Market Advisors. One of his assistants used to work for Moody's in vestor services.

LEG. CARPENTER:

Great.

MR. SPERO:

It will give us some guidance there.

LEG. CARPENTER:

Terrific. Thank you.

CHAIRMAN CARACCILOLO:

Mr. Zwirn, do you want to respond at all to the 100% increase in travel expenses year over year? In a year that we were supposed to be very prudent?

MR. ZWIRN:

Oh, I know we are prudent. That number confounds me because I know that the two

individuals in my office who were going to go to the •• the NYSAK conference to go over the Governor's budget this year, I was paying for that out of my own pocket. And that was about a total of about three, \$400. I mean, so, I can't imagine what this money's coming from. You've had yours rejected. I know when the under sheriffs and the sheriff wanted to go to a conference upstate, they were asked to double bunk. I mean the County Executive was going to go somewhere with Mike Deering and they were going to share a room. I don't think they went, but that's •• because I know they have made every effort to cut back. So, the numbers are •• I don't understand where those numbers come from. So, I've asked Jeannine Dillon of our office to call Fred Pollert to just double check.

CHAIRMAN CARACCILOLO:

Okay. What I'm going to request now then is a printout of all travel •• and I have some of this information, that's why I wasn't terribly surprised by the numbers.

MR. ZWIRN:

You probably knew the answer to your question before you asked it.

CHAIRMAN CARACCILOLO:

I do my homework. You know that, Ben. But it's somewhat dated now, but I saw a trend early •• early on in mid•year last year. So, the numbers are not a total surprise. So, I'd like to get an updated list of all travel that was requested and approved and the purpose for that travel so we can distribute it to the members of the Legislature.

MR. ZWIRN:

Certainly.

CHAIRMAN CARACCILOLO:

Thank you. Any other questions? Okay. Then, that'll conclude this presentation. We do have to get today's agenda. And Jim, if you or Mr. Borzfield between now and the next committee meeting have anything to share with us that would warrant our attention, please feel free to do so.

MR. SPERO:

Yes. We'll be getting a sales tax memo out probably the next week to ten days.

CHAIRMAN CARACCILOLO:

Okay. Thank you. If everyone will turn to today's agenda, we already recessed the public hearing on 2219. That brings us to tabled resolutions. Mr. Montano, what's your pleasure on •

LEG. MONTANO:

Motion to table.

CHAIRMAN CARACCILOLO:

Motion to table **1978 (directing the County Treasurer and County Comptroller to provide for the equitable distribution of auction proceeds)**

LEG. CARPENTER:

Second.

CHAIRMAN CARACCILOLO:

Second by Legislator Carpenter. All in favor? Opposed? Abstentions? Unanimous. **(1978 tabled. Vote: 6•0•0•1. Leg. Lindsay not present)**

The Chair makes a motion to table **2219 (adopting local law number, 2004, a Charter Law to provide for fair and equitable distribution of public safety sales and compensating use tax revenues)** at this time pending the public hearing.

LEG. CARPENTER:

Second.

CHAIRMAN CARACCILOLO:

Second by Leg. Carpenter. All in favor? Opposed? Abstentions? Unanimous. **(2219 tabled. Vote: 6•0•0•1. Leg. Lindsay not present)**

2238 (amending the 2004 capital budget and program amending the 2004 operating budget and appropriating funds in connection with the purchase and installation of playground equipment in Suffolk County Parks, customized for disabled young children) motion to by Mr. O'Leary to table. Second by Leg. Losquadro.

CHAIRMAN CARACCILOLO:

Point of order, though?

CHAIRMAN CARACCILOLO:

Yes.

LEG. ALDEN:

2004. Can we amend the 2004 capital budget for this program so it doesn't •• this would be appropriate to be either stricken or at this point ••

CHAIRMAN CARACCILOLO:

Counsel?

LEG. ALDEN:

I don't know whether the County Executive could withdraw this, but we can't amend legally the 2004 capital budget.

MS. KNAPP:

No, but if you look further down on your agenda, there is the same resolution; basically the same resolution amending the 2005 budget.

LEG. ALDEN:

Motion to table subject to call, then. Or strike. Motion to strike 2238 as unresponsive, uncooperative, irresponsibly sent in for the adoption of the budget, outside of the parameters of the legality of the system that we have adopted here in Suffolk County.

CHAIRMAN CARACCILOLO:

Would the County Attorney like to comment?

MS. BIZZARRO:

No, I'm sorry. I haven't looked at that bill. I apologize.

CHAIRMAN CARACCILOLO:

Okay. I just wanted to give you an opportunity.

LEG. ALDEN:

The point is, it says in the title amending the 2004 capital budget. You can't do it. It's illegal to do that.

CHAIRMAN CARACCILOLO:

We want to be fair and equitable here, the Chair. You know, give you an opportunity. So, we have a motion table subject to call.

LEG. ALDEN:

Or strike.

CHAIRMAN CARACCILOLO:

Counsel?

MS. KNAPP:

It's been pointed out to me, and I just checked in my drive, that an amended copy was submitted on January 10th that changed this resolution to reflect the 2005 capital budget.

LEG. ALDEN:

Then motion to table subject to call.

LEG. LOSQUADRO:

Second.

CHAIRMAN CARACCILOLO:

Motion to table subject to call. Second. All in favor? Opposed? Abstentions? Unanimous. (Vote: 6•0•0•1. Leg. Lindsay not present)

IR 1010 (to readjust, compromise and grant refunds on chargebacks on correction or errors/County Treasurer by: County Legislature #204) motion by the Chair, second by Legislator Losquadro. All in favor? Opposed? Abstentions? Unanimous. (Vote: 6•0•0•1.

Leg. Lindsay not present)

Same motion, same second on 1050 (to readjust, compromise and grant refunds on chargebacks on correction or errors/County Treasurer by: County Legislature #205).

All in favor? Opposed? Abstentions? Unanimous. **(Vote: 6•0•0•1. Leg. Lindsay not present)**

Same motion, same second on 1051 (to readjust, compromise and grant refunds on chargebacks on correction or errors/County Treasurer by: County Legislature #206)

All in favor? Opposed? Abstentions? Unanimous. **(Vote: 6•0•0•1. Leg. Lindsay not present)**

1086, (authorizing the 2005 Capital Budget and Program and appropriating funds in connection with the purchase and installation of playground equipment in Suffolk County Park customized for disabled young children)

LEG. O'LEARY:

Motion to approve.

CHAIRMAN CARACCILOLO:

Motion to approve by Mr. O'Leary, second by Mr. Alden. All in favor? Opposed? Abstentions? Unanimous. **(Vote: 6•0•0•1. Leg. Lindsay not present)**

Sense resolution S.005, (sense of the legislature resolution in opposition to the elimination of the federal tax deductibility of state and local taxes) motion by the Chair, second by Leg. Carpenter. All in favor? Opposed? Abstentions?

LEG. ALDEN:

To table?

CHAIRMAN CARACCILOLO:

No, to approve.

LEG. ALDEN:

Wait a minute. I think this actually makes reference to a President's policy that is not his policy. So, I would just •• motion to table to allow the sponsor to either amend his resolution to reflect that it's not official policy of the President. And I believe it's mentioned in there somewhere.

CHAIRMAN CARACCILOLO:

It's part of the President's '05 budget presentation. And it would have serious consequences on the residents of Suffolk County.

LEG. ALDEN:

This actually •• the last time I talked to a representative, it was not part of the official policy of the President.

LEG. O'LEARY:

I'll second the motion to table.

CHAIRMAN CARACCILOLO:

We'll table it for one cycle to get clarification. All in favor? Opposed? Abstentions?

Unanimous. **(Vote: 6•0•0•1. Leg. Lindsay not present)**

Home rule 01, (Home Rule Message requesting New York State Legislature to extend the one•quarter cent sales tax program to allow Suffolk County to continue to collect an additional sales tax until December 31, 2005) I'm going to make a motion to table.

We're pending the new bill numbers out of Albany.

LEG. O'LEARY:

Second.

CHAIRMAN CARACCILOLO:

Second by Leg. O'Leary. All in favor? Opposed? Absentions? Unanimous. **(Vote: 6•0•0•1. Leg. Lindsay not present)**

And that concludes the business before the Committee. Mr. Borsfield?

MR. BORZFIELD:

Just since Robert's got the computer going here and stuff, just back on your expenses, your travel expenses, the number he had given you originally for the \$312,000 was based on the estimate that was included in the budget. The actuals to date are only 76,000 for 2004. So, it's much, much lower.

CHAIRMAN CARACCILO:

All right. That sounds much better, but I'd still like to see the printout. Okay? Travel expenses last year. 76,000.

(THE HEARING CONCLUDED AT 11:13 AM)

Denotes spelled phonetically